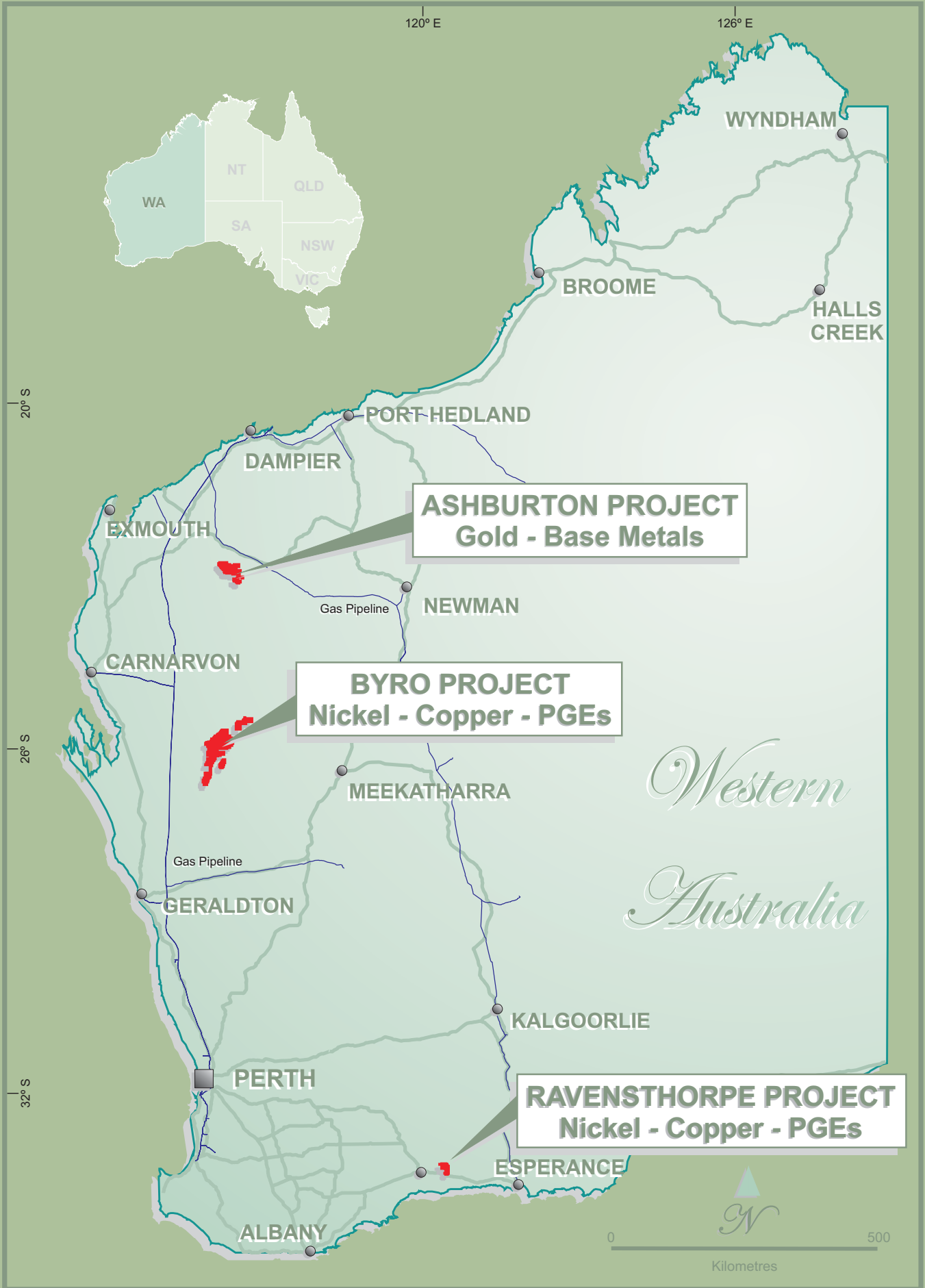


ANNUAL REPORT 09



Athena
RESOURCES LIMITED





120° E

126° E

WYNDHAM

BROOME

HALLS CREEK

PORT HEDLAND

DAMPIER

ASHBURTON PROJECT
Gold - Base Metals

EXMOUTH

Gas Pipeline

NEWMAN

BYRO PROJECT
Nickel - Copper - PGEs

CARNARVON

Gas Pipeline

MEEKATHARRA

*Western
Australia*

GERALDTON

KALGOORLIE

RAVENSTHORPE PROJECT
Nickel - Copper - PGEs

PERTH

ESPERANCE

ALBANY



20° S

26° S

32° S

WA

NT

QLD

SA

NSW

VIC



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01

COMPANY
INFORMATION

ABN	69 113 758 900
Directors	E W Edwards (Executive Chairman) D F Thomson (Executive Director) A P Thomson (Non Executive Director)
Secretary	E W Edwards
Registered Office	63 Lindsay Street Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9428 2900 Facsimile: +61 8 9428 2910 Email: ahn@athenaresources.com.au
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Bankers	BankWest 54 Adelaide Street FREMANTLE, WESTERN AUSTRALIA 6160
Securities Exchange Listing	Athena Resources Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: Shares AHN Options AHNO
Website	www.athenaresources.com.au



02

REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

Athena Resources has three key projects Byro, Ashburton and Ravensthorpe which are described below.

1. BYRO NICKEL-COPPER PGE PROJECT

1.1 LOCATION AND ACCESS

The Byro Project is located near Byro Station in the Gascoyne Mineral Field, of Western Australia. The centre of the project is approximately 250 kilometres from Geraldton and 300 kilometres from Carnarvon.

1.2 TENURE

Athena's Byro Project covers approximately 2,865 square kilometres and consists of nine Exploration Licence Applications. Athena has an 80% interest in the project contributing 100%. The Company was recently advised by the Department of Mines and Petroleum of the intention to grant E09/1507 and E09/1508.

1.3 GEOLOGY AND MINERALISATION

Athena's Byro Project (Figure 1) is located along the north-western margin of the Yilgarn Craton, within an Archaean Gneiss Belt which trends north-northeast for approximately 200km. The geology is predominately quartzo-feldspathic gneisses and migmatites with amphibolites, quartzites, BIF's, felsic volcanics and layered mafic-ultramafic intrusions. Regional folding and thrusting has resulted in a steep dominant westerly dip and north northeast strike, although locally this varies from north to east. The magnetic and gravity data suggests a series of ultramafic and mafic layered intrusions which are located in the area are more extensive than previously interpreted and are covered by relatively shallow alluvium.

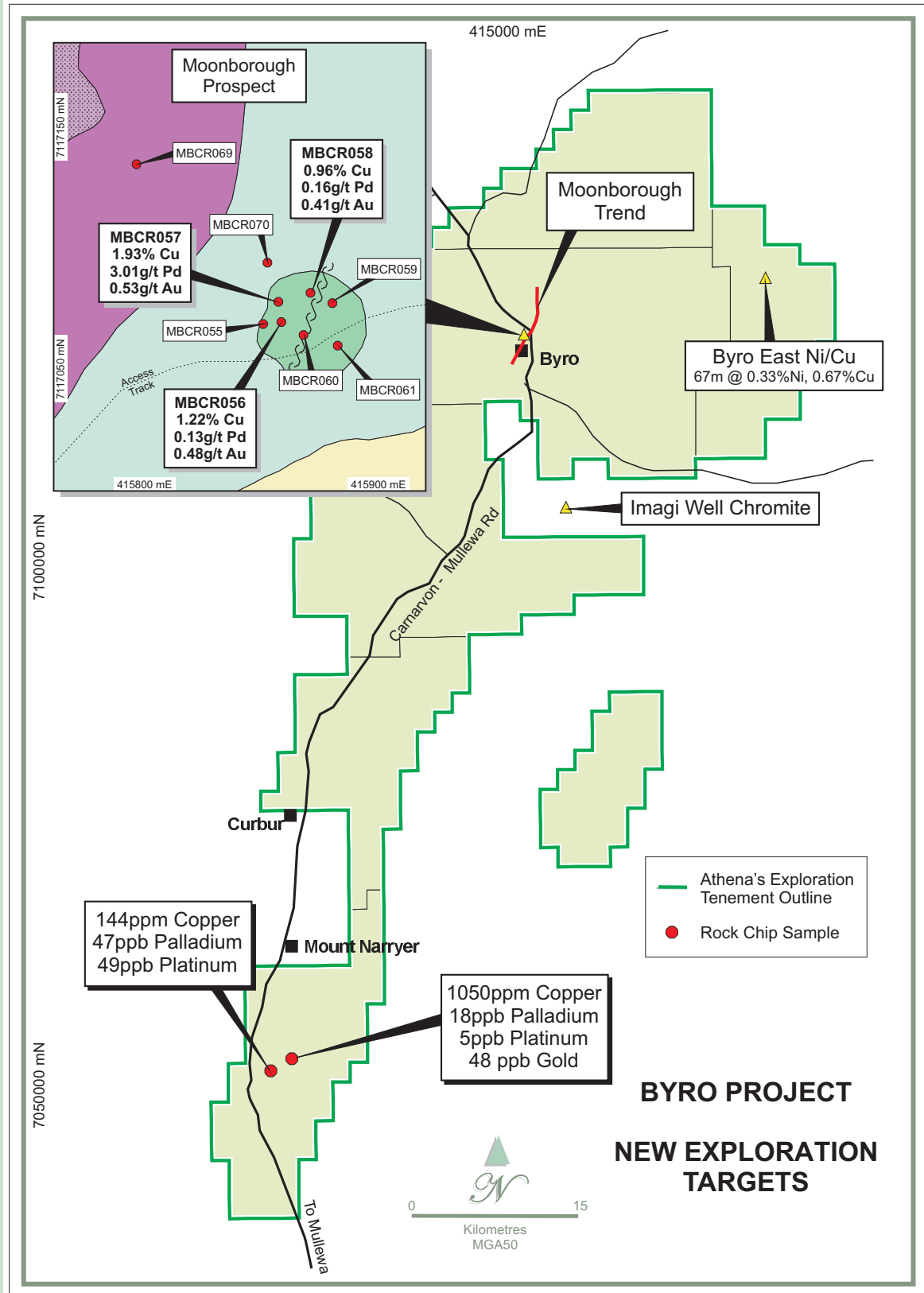
Past exploration in the region indicates the presence of anomalous copper-nickel-PGE and chromite mineralisation. Two altered, layered mafic-ultramafic bodies are found at Taccabba Well and Imagi Well where iron-rich chromite occurrences have been discovered. Athena's discovery outcrop at Moonborough is approximately 20 kilometres west of the Byro East Project where drilling has previously intersected secondary copper mineralisation in weathered ultramafic rocks, and 10 kilometres north of the Imagi Well chromite occurrence. These occurrences confirm the Byro area as having "fertile" mafic intrusions akin to those found in the West Pilbara and Halls Creek Mobile Belt.

1.4 REGIONAL EXPLORATION POTENTIAL

Copper-Nickel-PGE's

At the Moonborough Prospect (Figure 1), 2 kilometres north of Byro station homestead, Athena has outlined a strong coincident copper-platinum group metal (PGM) geochemical anomaly. This anomaly measures 750 metres long and 300 metres at its widest point, and is open to the north and south as the sampling was confined to the area of sub-cropping bed rock. Peak results for Athena's soil geochemical programs include 492 ppm copper, 53 ppb palladium, 11ppb gold and 4 ppb platinum from the 226 samples collected. One hundred and twelve (112) of the soil samples returned copper assays of 100 ppm or better, forty six (46) samples were 10ppb palladium or better, and 110 samples assayed over 30ppm nickel. These exciting copper and palladium assays are exceptionally high for soil samples.

FIGURE 1



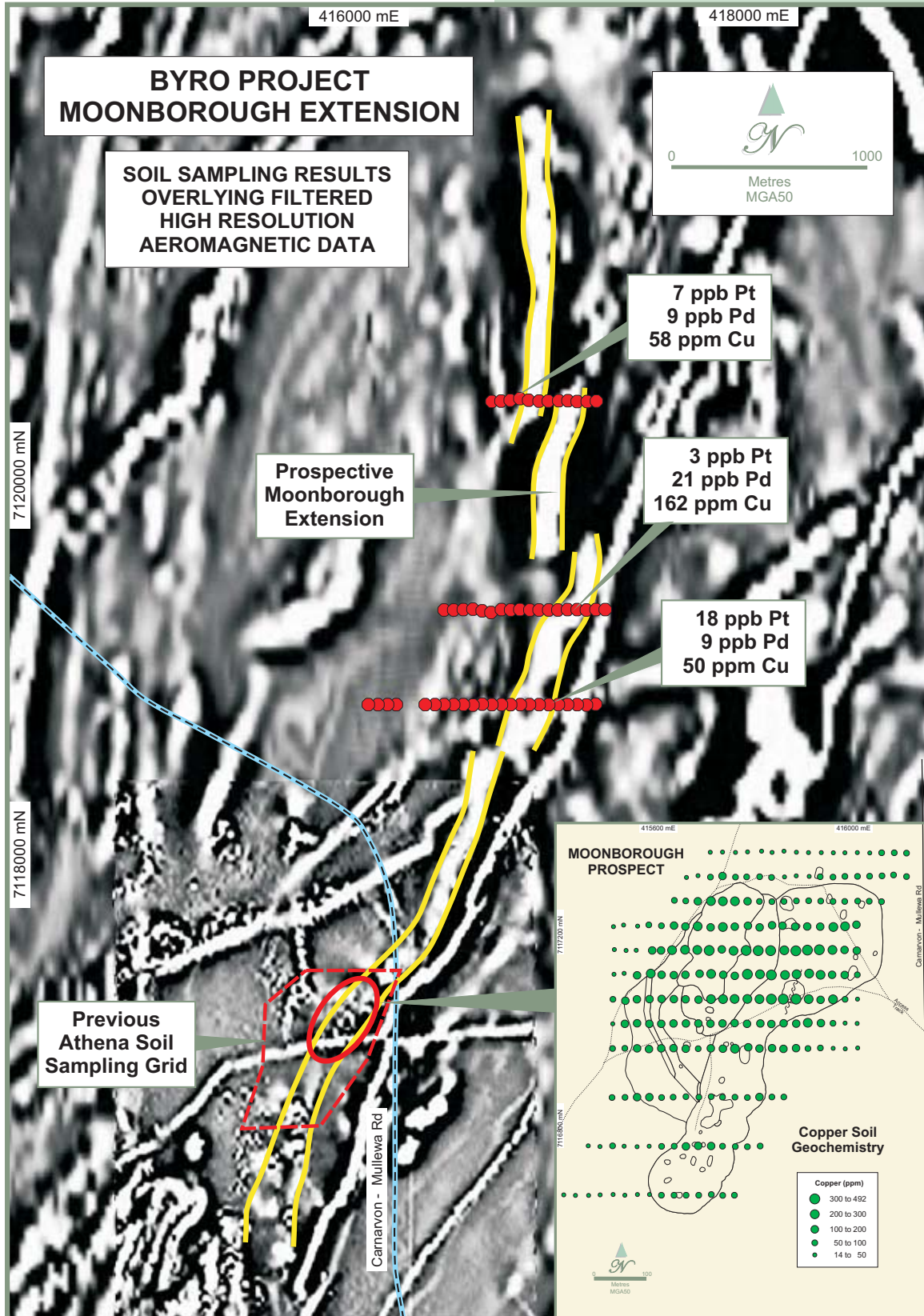


FIGURE 2

The Moonborough mineralisation is hosted by sheared and metamorphosed gabbro, pyroxenite and lateratised cumulate-textured ultramafic. An aeromagnetic survey flown by Athena has mapped the host unit to the north for at least five kilometres.

Geophysical and geological data integration and field reconnaissance by Athena suggests that the host rocks form part of an extensive hereto unrecognised mafic/ultramafic complex. Rock chip sampling by the Company has shown that additional copper-PGM mineralisation also occurs 7 kilometres to the north-east of the Moonborough Prospect.

Athena's immediate future exploration program will include geophysical and geochemical surveying of the identified prospective horizons to refine targets and maximise the success of drilling for nickel-copper-PGM mineralisation.

1.5 WORK COMPLETED BY ATHENA

In mid-2008 the Geological Survey of Western Australian (GSWA) completed an aeromagnetic survey at 400 metre line spacing to better resolve the geology of the Byro 1:250,000 Sheet. The results of the GSWA regional survey have been integrated with a higher resolution 100m spaced survey flown currently by the Company over most of E09/1507.

The new datasets resolves broad anomalies on the old 1600 metre data as discrete targets and previously unresolved magnetic units are considered significant targets (Figure 4 & 5). It is apparent from new aeromagnetic the data that Athena has a high-value strategic tenement holding in the Murchison region with potential for deposits of iron in addition to the copper-nickel-platinum the Company is specifically targeting.

Moonborough

In March 2009 Athena used the high-resolution aeromagnetic data to identify extensions to the Moonborough prospect (Figure 2). Images of the data suggest that the mafic host unit containing platinum, palladium and copper mineralisation at Moonborough extends north under shallow cover for at least five kilometres.

Wide spaced traverses of reconnaissance soil geochemistry subsequently confirmed the interpretation and showed the mineralisation extends for 3.5 kilometres; the limit of the geochemical coverage. The geochemistry in conjunction with aeromagnetic imagery also indicates that the mineralised horizon is open to both the north and the south.

The importance of the elevated platinum (10, 11, 12, 16, 17, 18 ppb), palladium (10, 21, 31 ppb) and copper (74, 84, 94, 132, 162 ppm) assays in these and the earlier samples from Moonborough cannot be over stated. Platinum, palladium and copper have a preference for bonding with sulphur and are essential indicators of sulphide mineralisation. These latest

results verify that Athena has identified a fertile mafic igneous system at Byro. Further work in the form of electrical geophysical (Electro-Magnetic and Induced Polarisation) surveys is required to identify targets for drill testing.

Byro East

Athena has applied for an exploration tenement (E09/1637) over the ultramafic hosted Byro East copper-nickel prospect (Figure 3). This tenement was recently surrendered by Brockman Resources Limited (formerly Yilgarn Mining Limited).

Previous exploration, including drilling results of 67m @ 0.67% copper and 0.33% nickel, highlight the prospectivity of the Byro district. In late 2006, Mithril Resources Ltd (Mithril) reportedly completed a surface electromagnetic survey covering a small target area at Byro East using the BHP Billiton GeoFerret technology (available to Mithril under their alliance with BHP Billiton). Athena is in the process of completing a detailed assessment of past exploration at Byro East.

Mount Narryer

Athena has successfully carried out reconnaissance rock chip sampling on a number of newly identified exploration targets on its 80% owned Mount Narryer (E09/1656) tenement applications. The Company is extremely encouraged by these initial results, which expand considerably the area of outcropping mafic lithologies with geochemical signatures generally associated with sulphur saturated, and thus fertile, mafic magmas.

The Mount Narryer rock chip samples were collected from ultramafic, norite and anorthosite out crops. All samples were anomalous in platinum, palladium and copper. The most interesting results were 1050ppm copper, 48 ppb gold, 18ppb palladium and 5ppb platinum from a single sample. Another sample from this area assayed 49ppb platinum, 47ppb palladium and 144ppm copper (Figure 1).

Midadoo

On the Midadoo application (E09/1661) 40 soil samples were collected for geochemistry on four traverse lines across an outcropping pyroxenite-norite plug measuring approximately 1300 metres long by 800 metres wide. All samples over this mafic body were anomalous (greater than 8ppb) in platinum. Five of the samples were greater than 10 ppb with a best result of 20ppb platinum.

Where observed, the margins of this small intrusion are typically noritic and irregular with many small embayments. The copper, platinum and palladium in the geochemistry at Midadoo are comparable to the results from the northern extension to the Moonborough Prospect 40 kilometres to the north. Nickel and chrome results from Midadoo were higher, but this may just be a reflection of outcrop.

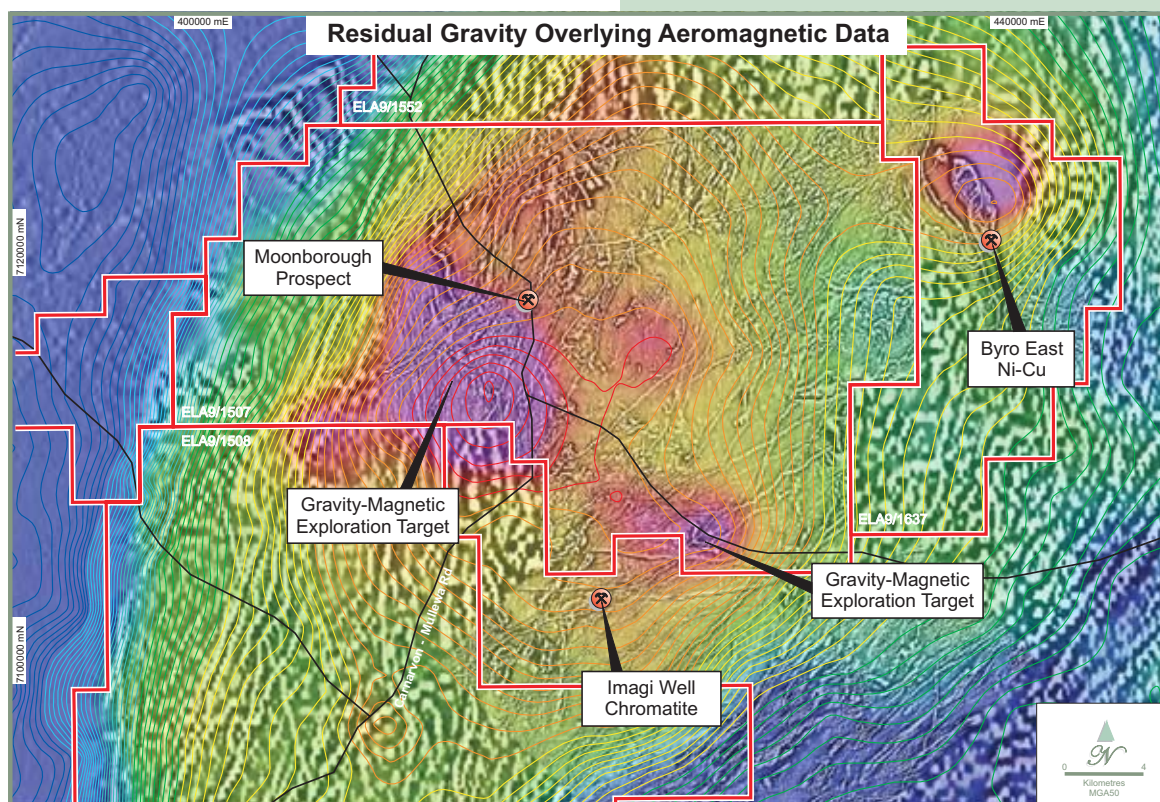


FIGURE 3

Summary Conclusion

The Moonborough, Byro East, Mount Narryer and Midadoo copper-platinum group metal systems are all on separate mafic/ultramafic intrusions further reinforcing Athena's contention that the Byro region has the potential to host economic deposits of these metals.

A review of reports on past exploration, on open file at the Department of Minerals and Petroleum, shows that there has been no exploration in the areas covered by the Midadoo and Mount Narryer applications specifically targeting copper-nickel and platinum group metals. With the exception of restricted areas of outcrop of much of the region is generally covered by a thin veneer of hardpanned alluvium that would render conventional soil sampling ineffective.

Athena now controls the major mafic and ultramafic occurrences in the district. The Company has planned an aggressive exploration program consisting of field mapping, geochemistry, geophysical surveying, and drilling. The Company's work to date has demonstrated the mineral potential of these systems and is excited about its commanding tenement holding.

Athena is confident that the application of modern scientific exploration methods, including electrical geophysics and drill hole geochemistry will considerably improve chances of making an economic discovery in the region.

2. ASHBURTON COPPER GOLD BASE METALS PROJECT

2.1 LOCATION AND ACCESS

The Ashburton Project is located approximately 60 kilometres south of the Nanutarra-Paraburdoo road on Wyloo and Kooline Stations in the Ashburton Mineral Field, of Western Australia. The centre of the project is approximately 185 kilometres from Paraburdoo and 100 kilometres from Nanutarra. The Project area encompasses the Kooline Silver/Lead workings and the Kooline Gold, Kooline North, True Grit, Dook, and Sunken Treasure gold prospects (Figure 6).

2.2 TENURE

Athena's Ashburton Project covers about 606 square kilometres and consists of one Mining Lease (M08/189) 90%, three 100% owned granted Exploration Licences (EL08/1641, EL08/1679 and EL08/1680) and an Exploration Licence application (E08/1956) and Prospecting License (P08/493) 95%.

FIGURE 4

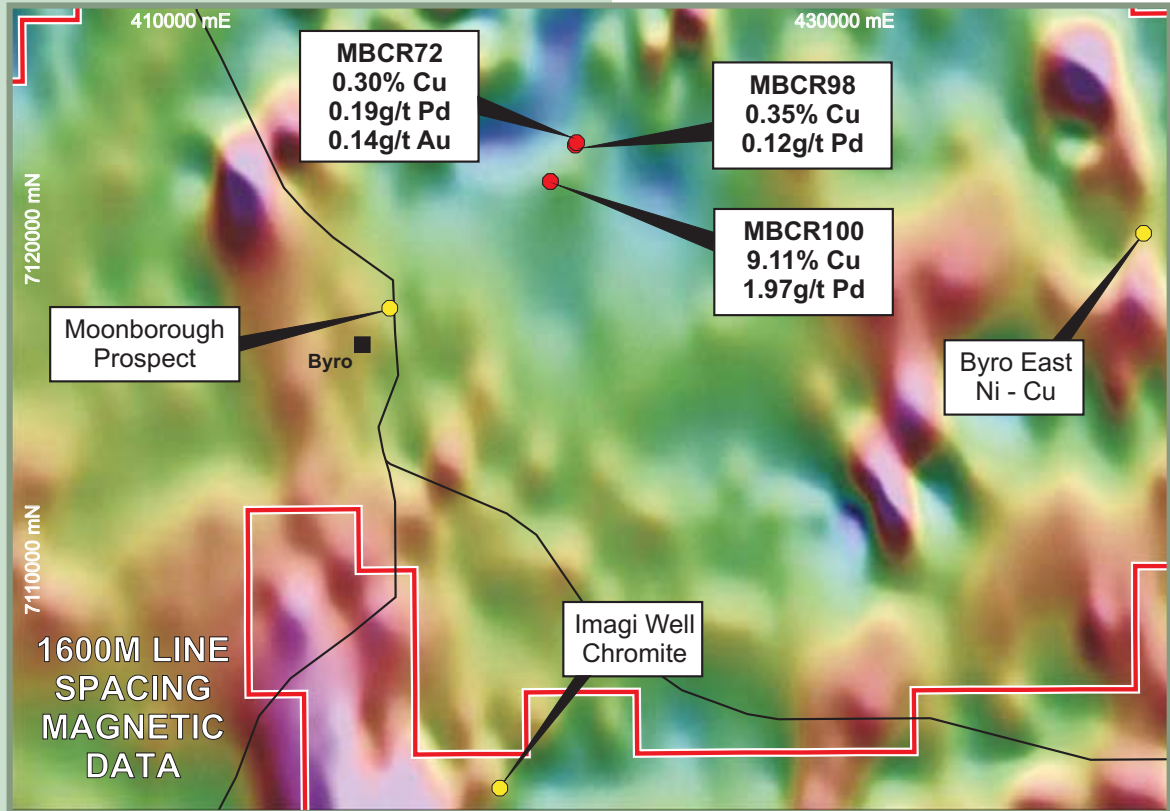
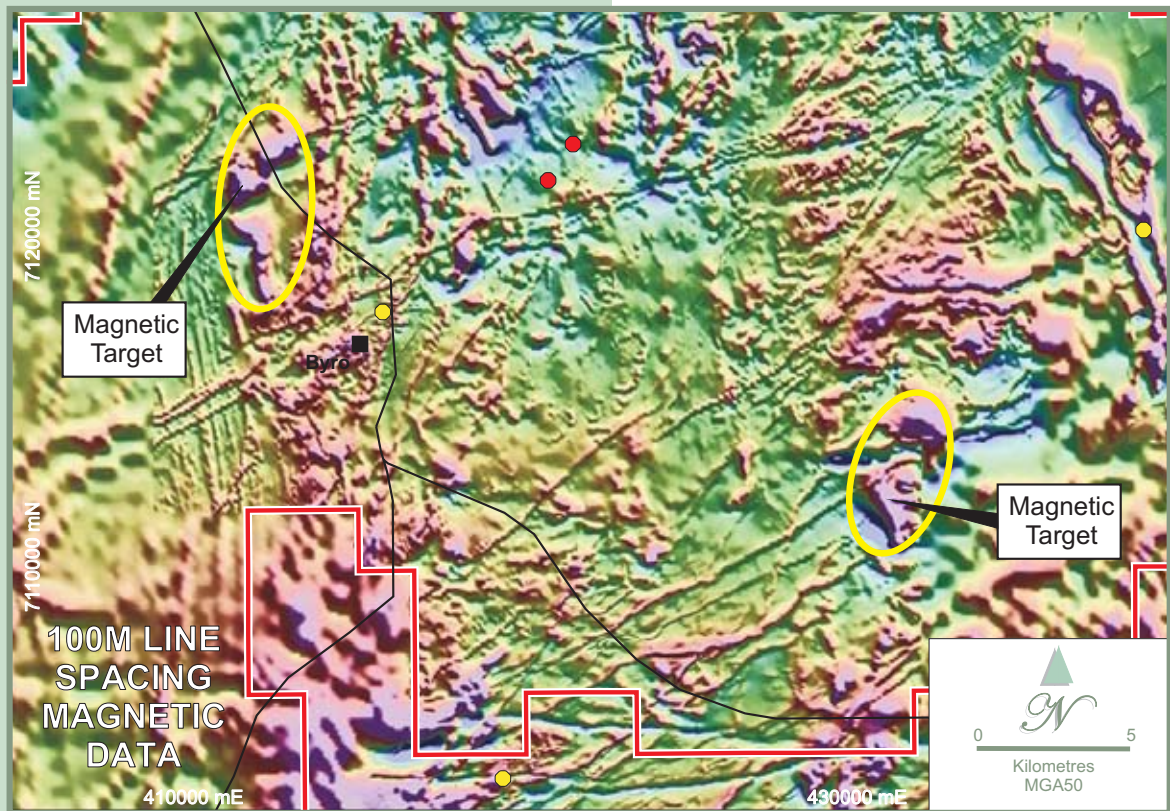


FIGURE 5



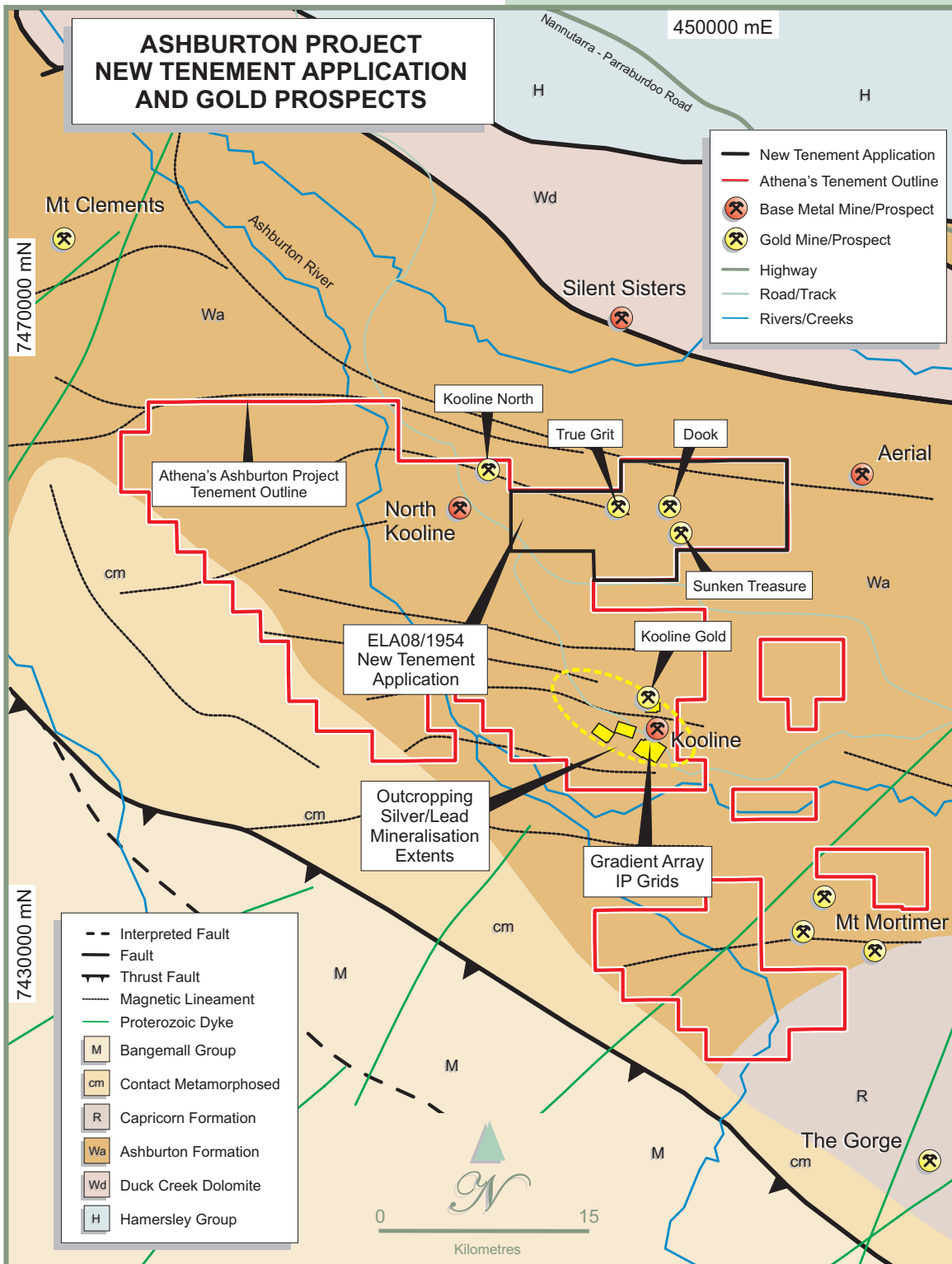
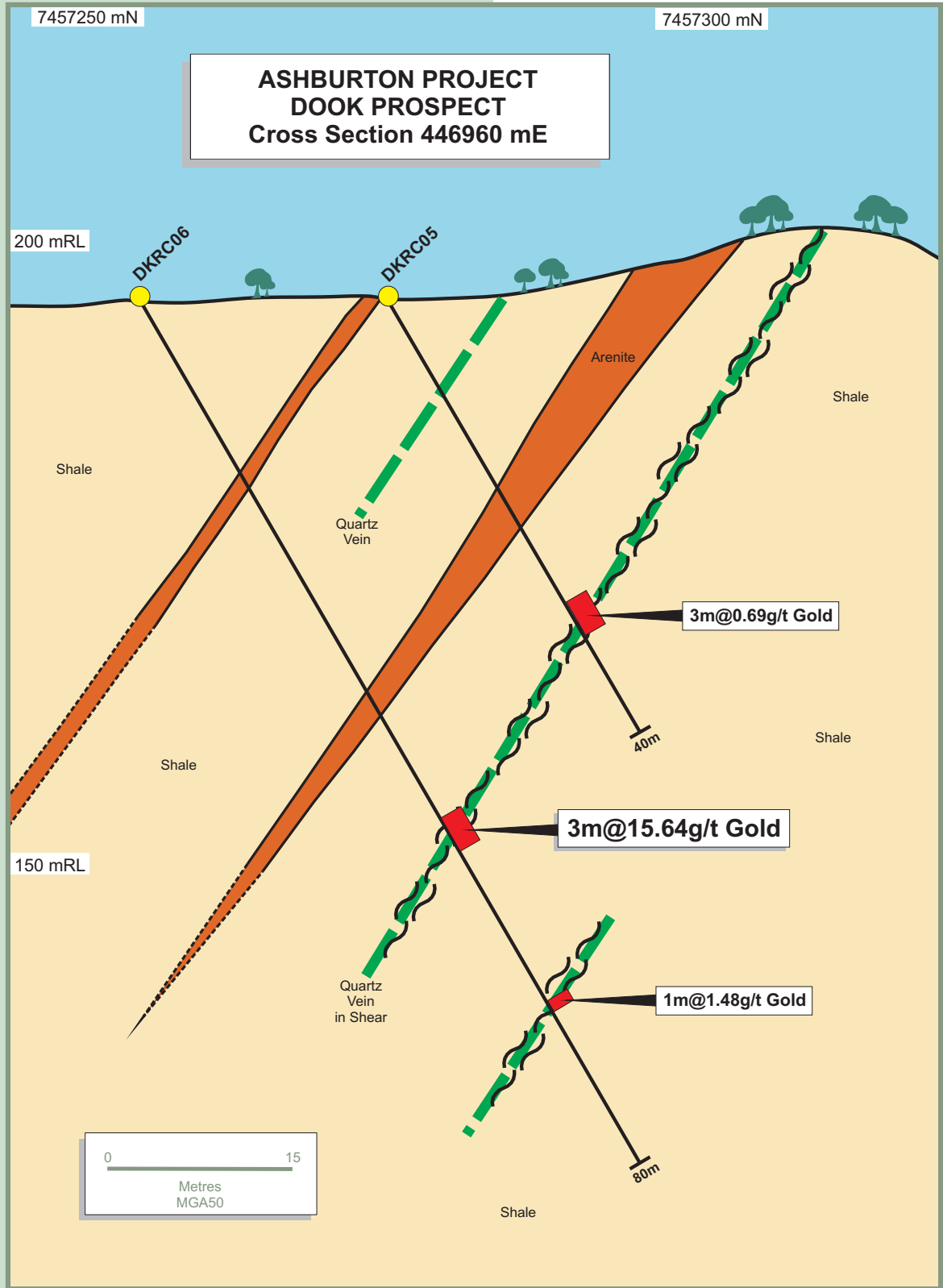


FIGURE 6

FIGURE 7



2.3 PROJECT GEOLOGY AND MINERALISATION

Athena's Ashburton Project takes in known gold prospects at Lewis', Kooline North, True Grit, Dook, and Sunken Treasure, and silver/lead at the Kooline workings. A number of these occurrences are evident as anomalous responses in the regional gravity and magnetic data sets. Previous work has largely been confined to surface geochemistry and prospecting along the access corridors with limited follow-up drill testing. The Western Australian Geological Survey's regional sampling programme has identified geochemical anomalies from that warrant follow-up testing.

The Company's tenements cover rocks of the Ashburton and Capricorn formations of the Wyloo Group along the northern margin of the west Bangemall Basin. Area selection was driven by studies of the regional geophysics which indicate a number of elements conducive to the formation of large mineral systems. The combination of granitic intrusions, folds and thrust faults is of particular interest as these provide a source of heat and the structures to focus and trap mineralising fluids.

The region is reasonably remote and rugged and Athena's tenements have been only lightly explored. Conceptual targets include large orogenic mesothermal saddle-reef and stock-work style gold/base metal deposits comparable to Bendigo and Ballarat in Victoria, Enterprise at Pine Creek in the Northern Territory and Telfer in Western Australia. The Ashburton district was the site of some of earliest gold discoveries recorded in Western Australia but was soon overlooked as discoveries were made at Southern Cross and Coolgardie.

Gold Prospects

The Kooline North gold anomaly (Figure 6 & 8) is located 17 kilometres northwest of the Lewis' gold anomaly. This prospect consists of coincident gold and copper, uranium, zinc, antimony, and tungsten anomalies that can be traced in outcrop for over 3 kilometres, which have never been drill tested. The peak anomaly is 800 metres long by 200 metres wide within a broader 2.5 kilometre long zone. The geochemical trends are coincident with outcropping altered lithic greywackes that are cut by gossanous quartz vein stockworks with pyrite alteration on the vein margins. The Kooline North soil geochemical anomaly is open to the north and the west where shallow alluvium covers the host unit.

Athena interprets the Collins Bore gold mineralisation to be the eastern extension of the Kooline North gold anomaly where six prospects on two mineralised trends have been identified. These trends are interpreted as being on opposite limbs of east-west orientated folded sandstone and shale units. Three of the six prospects (True Grit, Sunken Treasure and Dook) have been partially tested by reverse circulation (RC) drilling. Aberfoyle Resources Limited (1991-92) drilled 26 holes for 992 metres and Goldfields Exploration Pty Ltd (1999) drilled 19 holes for 2203 metres.

Aberfoyle intersected 2 metres at 13.2 g/t gold in RC hole RCST03 at Sunken Treasure (Figure 9) and Goldfields intersected 3 metres at 15.6g/t gold in drill hole DKRC06 (Figure 7). Other intersections of interest include 5 metres at 2.7 g/t and 2 metres at 3.9 g/t gold. Drilling results over 0.5g/t gold are listed in Table 1.

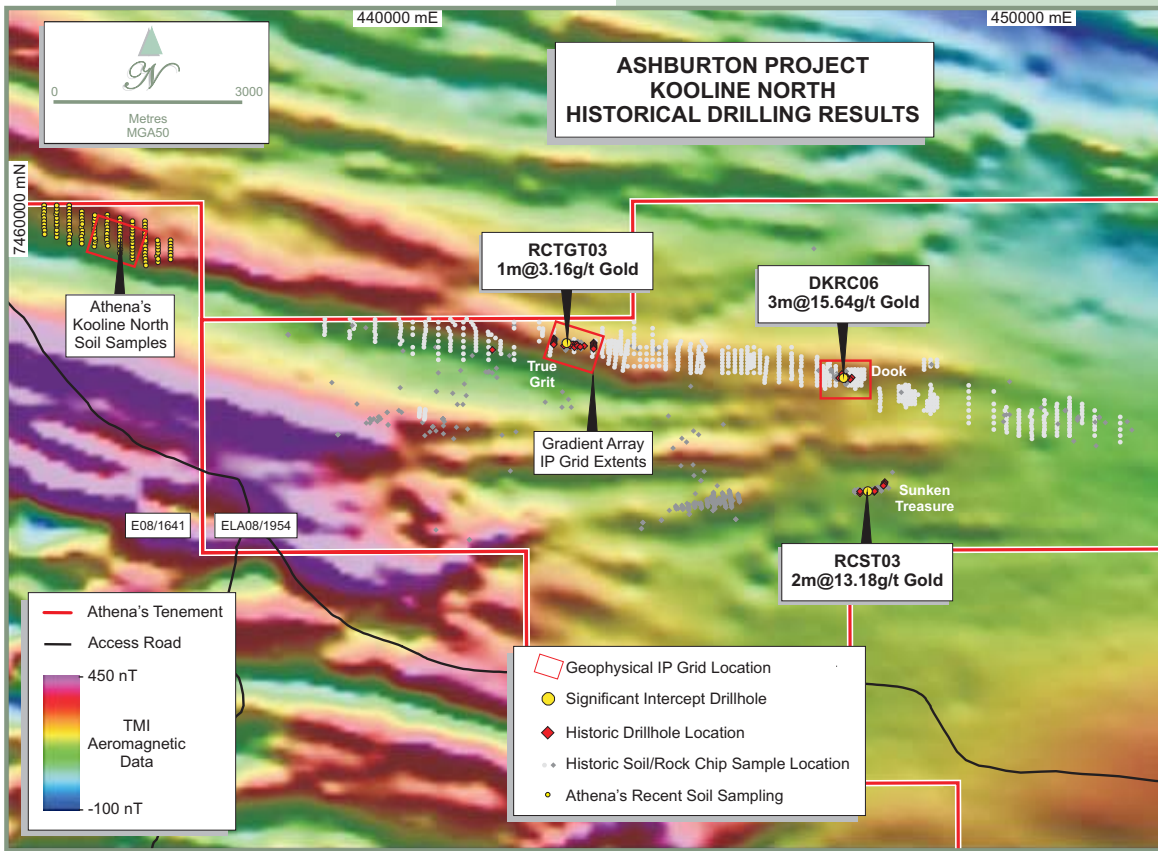
Bulldozer trenching by Aberfoyle in 1991 demonstrated that the gold mineralisation is hosted by quartz vein stock-worked arenites and coarse grits with silica-pyrite-muscovite alteration on the vein margins. The surface geochemistry has mapped mineralisation on the northern zone for over 12 kilometres. Such an aerially extensive anomaly provides an exciting target for zones of economic gold mineralisation.

At Lewis' gold prospect, located 1.7 kilometres north of the silver-lead mines, Athena has identified an extensive strong gold-copper anomaly using conventional soil sampling techniques. The anomaly was later extended and enhanced using auger sampling which returned a maximum gold assay of 496ppb. The gold anomaly exceeds 1500 metres in length and is open along strike in both the easterly and westerly directions. A Gradient Array Induced Polarisation (IP) survey over the geochemical anomaly mapped coincident resistivity and chargeability anomalies within the 25ppb gold contour. The location of the coincident chargeability and resistivity anomalies suggests that the response is due to quartz-hosted sulphides in lithic-sandstones with pyritic alteration that are evident in outcrop at this prospect.

Athena plans to use modern exploration methods to map the structures and alteration for subsequent drill testing. Athena is confident this approach can be used successfully to locate high-grade gold resources in the Kooline area.

Table 1 - Summary of Significant Intersections from Previous Drilling at Collins Bore On ELA 08/1954					
Drill Hole	MGA East	MGA North	From (m)	Intercept	Company
Dook Prospect					
DKRC06	446964	7457254	48	3m @15.64g/t	Goldfields
			65	1m@1.48g/t	
DKRC07	447014	7457274	11	2m@3.93g/t	Goldfields
RCDK02	446994	7457252	52	5m@2.72g/t	Aberfoyle
			65	1m@1.21g/t	
DKRC01	446940	7457250	59	2m@3.65g/t	Goldfields
			71	4m@1.84g/t	
DKRC05	446964	7457274	30	1m@1.63g/t	Goldfields
True Grit Prospect					
RCTGT03	442587	7457792	5	1m@3.16g/t	Aberfoyle
TGRC07	442705	7457739	59	1m@1.69g/t	Goldfields
RCTGT02	442588	7457817	11	2m@1.13g/t	Aberfoyle
RCTGT01	442692	7457785	21	4m@1.09g/t	Aberfoyle
Sunken Treasure Prospect					
RCST03	447340	7455445	40	2m@13.18g/t	Aberfoyle
RCST05	447197	7455416	52	2m@1.48g/t	Aberfoyle
STRC02	447451	7455449	46	2m@1.21g/t	Goldfields
			56	2m@1.44g/t	
RCST01	447456	7455464	60	1m@1.23g/t	Aberfoyle
			64	1m@ 2.10g/t	

Note: 31.103g = 1 Troy oz

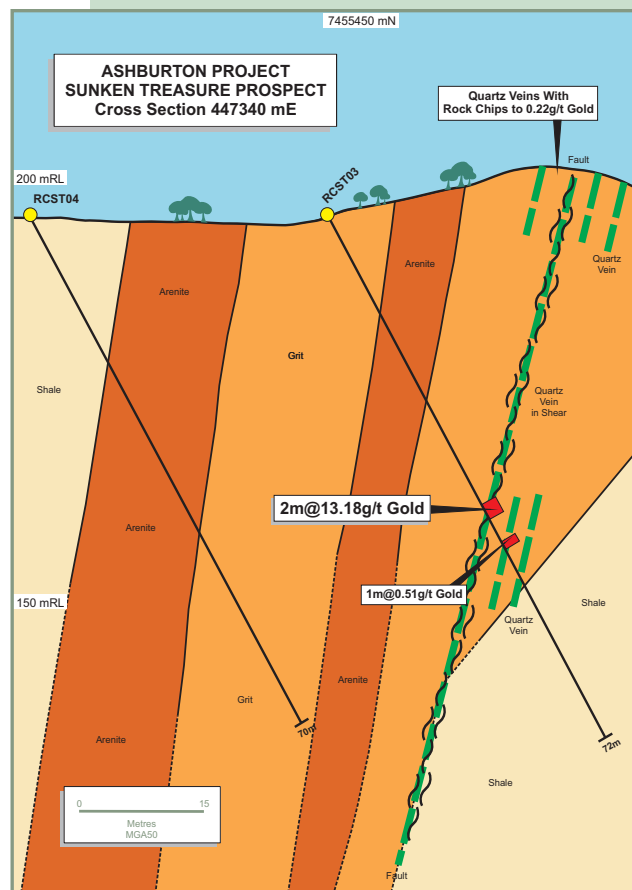


Silver/ Lead Prospects

Athena carried out extensive rock chip sampling programs aimed at identifying and characterising silver-lead mineralisation at Kooline. The peak results for gold (Au), silver (Ag), lead (Pb), and copper (Cu) from these sampling programs are listed in Table 2. A sample of silver-lead concentrate found on site at June Audrey assayed 210g/t silver and 72% lead.

Three historic mines the Gift, June Audrey and Bilrose were responsible for about 60% of the production the Kooline silver-lead field in the 1950's. Each of these three mines had its own treatment plant consisting of a battery or crusher and a concentrator.

The Gift was mined to a depth of 52 metres and stoped over a strike length of 95 metres. The Bilrose workings extend for about 110 metres and were mined to a depth of approximately 25 metres. At June Audrey two zones of workings extend for over 180 metres at surface and the main shaft is 41 metres deep. The lead sulphide ore zones at the three prospects averaged approximately 2 metres in width. Historically the Kooline mines averaged 20% lead and 200g/t silver.



**Table 2 – Rock Chip Analyses from Athena's Ashburton Project
Selected Samples and Elements (sorted by location)**

Sample	East MGA50	North MGA50	Copper (%)	Gold (g/t)	Silver (g/t)	Lead (%)	Mineralised Trend
AKCR048	442026	7443745	3.78	0.34	375	42	Copper Zone
AKCR023	445076	7442573	1.63	0.31	20	*NSA	Copper Zone
AKCR047	442132	7443764	1.49	0.21	245	58	Copper Zone
AKCR045	442538	7443559	0.70	0.51	280	56	Copper Zone
AKCR046	442389	7443578	0.44	0.23	120	46	Copper Zone
AKCR013	446320	7441999	0.29	0.41	35	12	Copper Zone
AKCR044	442560	7443552	0.27	0.11	225	46	Copper Zone
AKCR038	444290	7442871	0.15	0.10	85	42	Copper Zone
AKCR035	446186	7441136	NSA	0.79	NSA	NSA	Copper Zone
AKCR041	444973	7445336	NSA	0.10	155	59	Gold zone
AKCR015	444566	7443542	NSA	0.19	210	43	Silver-lead Zone
AKCR016	445304	7443878	NSA	0.04	40	37	Silver-lead Zone
AKCR007	443591	7443844	2.15	0.56	175	34	Silver-lead Zone
AKCR060	446153	7443040	2.07	0.60	580	30	Silver-lead Zone
AKCR049	442274	7445505	0.99	0.15	220	68	Silver-lead Zone
AKCR004	443554	7443569	0.43	0.32	65	26	Silver-lead Zone
AKCR052	441685	7445854	0.43	0.05	30	8	Silver-lead Zone
AKCR005	443559	7443720	0.38	0.70	30	5	Silver-lead Zone
AKCR051	441541	7445930	0.24	0.18	60	18	Silver-lead Zone
AKCR056	442936	7444392	0.06	0.11	140	49	Silver-lead Zone
AKCR061	445897	7443190	0.04	0.01	65	21	Silver-lead Zone
AKCR057	445376	7443407	0.02	0.13	70	25	Silver-lead Zone
AKCR059	446185	7443007	0.02	0.03	120	56	Silver-lead Zone
AKCR058	446191	7443399	0.01	0.46	70	31	Silver-lead Zone

*NSA: No Significant Assay

2.4 WORK COMPLETED BY ATHENA

Athena's auger soil sampling identified two new anomalous trends with distinct copper-gold and copper-gold-lead signatures which are to the north and south of, and run parallel to, the known silver-lead mineralisation. These zones are also characterised by slightly different orientations and markedly different arsenic and antimony signatures, suggesting that the different zones of mineralisation may not be related. The combined strike length of the three anomalous outcropping silver-lead trends identified by Athena at Kooline exceeds 11 kilometres.

In 2008 Athena carried out a series of gradient array induced polarisation (IP) geophysical surveys over the areas surrounding the Pharlapp, Rainbow, and June Audrey historical workings. These surveys

identified three chargeable zones with important coincident resistive anomalies that exceed 400 metres of strike length, with one over 700 metres long. Dipole-dipole IP surveys across the best gradient array responses at the June Audrey and Rainbow workings identified strong chargeable bodies at 50 metres below the surface.

In August 2009 Athena completed a short first pass reverse circulation drilling program that tested a number of geological and geophysical targets at Kooline lead field. The total program consisted of thirteen holes for 1150 metres. Ten holes tested targets associated with the lead workings and three holes tested targets at Lewis' gold prospect. Assay results from select samples were not available at the time of writing this report.

Visual inspection of drill chips from the drilling of the lead targets suggest that the results will not meet Athena's grade and tonnage criteria for an economic lead sulphide resource in those areas tested. The assays are necessary to confirm this initial assessment.

In spite of the visual results at Kooline, Athena is confident that the company's Ashburton project has the potential to host economic shear-hosted and saddle reef style gold mineralisation, which will be the focus of future exploration programs in the project area.

More extensive geophysical surveys over the remaining targets and additional drilling will be implemented based on the results of this program. The extensive Gift and Bilrose workings have not yet been tested by IP surveying and have had only rudimentary drill testing.

3. RAVENSTHORPE NICKEL COPPER GOLD PROJECT

3.1 LOCATION AND ACCESS

The Ravensthorpe Project is located east and northeast of the town of Ravensthorpe, near the south coast of Western Australia. The Oldfield area is located 17 kilometres north of the sealed South Coastal Highway 50 kilometres east of Ravensthorpe. A network of good quality gravel roads through mainly cleared farmland provides easy access to most of the project area. A track used for vermin control and as a fire break provides access in the northern leases. Existing cleared grid lines provide acceptable access to most of the area of interest north of Oldfield prospect.

3.2 TENURE

The Ravensthorpe Project comprises three 100% owned Exploration Licences covering a mostly contiguous area of approximately 189 square kilometres with Athena is the registered owner.

3.3 PROJECT GEOLOGY AND MINERALISATION

Athena's Ravensthorpe Project area is largely covered by a thin veneer of barren, windblown quartz sand over moderately weathered granite and outcrops. Thick scrub in the northern part of the project hindered previous exploration. However, modern exploration using geophysics and remote sensing has revealed extensive outcropping mafic and ultramafic rocks in an area depicted on Government geological maps as mainly granitic and gneissic terrain.

Athena discovered extensive outcrops of olivine-rich cumulate textured ultramafic rocks during field investigation of aeromagnetic anomalies in 2005. These newly discovered ultramafic and mafic rocks are believed to be Proterozoic in age and appear to form part of a differentiated dyke swam that ranges in composition from ultramafic to anorthosite. Athena

is targeting nickel sulphide mineralisation hosted in these dykes. Nickel sulphide mineralisation was interested in an ultramafic body at Oldfield in drilling by Athena providing confirmation of the validity of the exploration model. Further evidence of magmatic sulphide mineralisation in these dykes is found on Athena's tenements where disseminated pentlandite and pyrrhotite have been found in outcrop during reconnaissance mapping.

Outcropping nickel laterite mineralisation at Oldfield and possibly the deeper sulphide mineralisation may extend under soil cover onto tenements held wholly by Athena. Mapping and interpretation of the aeromagnetic data and satellite imagery indicates that the ultramafic body hosting the Oldfield mineralisation extends north, east and west into Athena's surrounding tenements.

3.4 WORK COMPLETED BY ATHENA

Athena carried out no field work on the Ravensthorpe project during the last report period. Exploration planned for the future includes an assessment of all geochemical survey results, assays and a regional interpretation of the high resolution geophysical datasets acquired during the previous seasons.

Forward-looking Statements

This document contains forward-looking statements concerning Athena's Projects that, despite being based on Athena's current expectations about future events, are subject to risks and uncertainties outside the control of Athena and its Directors. Forward-looking statements are not based on historical fact, and actual events or results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and assumptions.

The potential quality and grade of the untested areas of the Byro and Ashburton projects are conceptual in nature and there has been insufficient exploration to define Mineral Resources at these projects and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Competent Persons Statement

The technical information relating to Athena's exploration projects was compiled by Mr Donald Thomson, an employee of Indigo Exploration Services Pty Ltd, and a Director of Athena Resources Ltd. Mr Thomson is a Member of the Australasian Institute of Mining and Metallurgy, and has sufficient relevant experience in the styles of mineralisation and deposit styles under consideration to qualify as a Competent Person as defined in "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition)". Mr Thomson consents to this inclusion of the information in this report in the context and format in which it appears.



03

DIRECTORS'
REPORT

Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited and its controlled entities ("Athena") for the financial year ended 30 June 2009.

DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated;

Edmond William Edwards	Executive Chairman
Donald Fergusson Thomson	Executive Director
Andrew Peter Thomson	Non Executive Director

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

Edmond William Edwards

Executive Chairman and Company Secretary

Qualifications

Mr Edwards is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia. He is a Fellow of The Australian Institute of Company Directors.

Experience

Mr Edwards has over 30 years experience in the mining industry in Western Australia. He is also non executive director of Scotgold Resources Limited. He has previously Managing Director or Finance director of a number of listed mining and exploration companies having taken many of these companies through the initial public offering, then exploration, feasibility and finally into production. These companies include Resource Mining Corporation Ltd, Fox Resources Ltd, Aztec Resources Ltd, Acclaim Exploration NL and Matlock Mining NL.

Until 1989 Mr Edwards was a partner at Hendry Rae & Court having joined that firm in 1975. He was the partner in charge of the Robe River Iron Ore Project audit for 8 years.

Interest in Shares and Options

8,490,000 Fully Paid Shares

3,240,000 Options exercisable at 20c expiring 30 November 2009

Special Responsibilities

Mr Edwards is responsible for Treasury, Corporate, Finance and is the Company Secretary.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Edwards also served as a director of the following listed companies:

Company Name	Appointed
Scotgold Resources Limited	27/01/2009

Donald Fergusson Thomson

Executive Director

Qualification

Mr Thomson has a Bachelor of Science (Hons) in Geology and is a Member of the Australian Institute of Mining and Metallurgy.

Experience

Mr Thomson is a geologist with over 23 years industry experience and is a Member of the Australasian Institute of Mining and Metallurgy. He worked for Newcrest for 9 years in mining and regional exploration throughout Western Australia and the Northern Territory, and was involved in drill-outs at New Celebration and Telfer.

From 1996 to 2001 as Exploration Manager for Johnson's Well Mining (now Regis), he led the team responsible for the discovery of gold resources totalling 2 million ounces, including the 1.2 million ounce Rosemont gold deposit. During this time he over saw the consolidation of mining and exploration tenure over the Duketon belt.

He served as Exploration Manger for Acclaim Exploration NL, Aztec Resources Ltd and Fox Resources Ltd, managing exploration on the Wingellina, Koolan Island and Radio Hill projects for these respective companies. He was Technical Director of both Acclaim and Aztec during critical periods in the development of these companies.

Most recently, as Exploration Manger, Mr Thomson was responsible for the restructuring of Legend Mining Ltd's technical team to focus on exploration.

Interest in Shares and Options

1,877,500 Fully Paid Shares

687,500 Options exercisable at 20 cents expiring 30 November 2009

Special Responsibilities

Mr Thomson is responsible for Exploration activities.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr D Thomson did not serve as a director on any other listed companies.

Andrew Peter Thomson

Non Executive Director

Qualification

The Honourable Andrew P Thomson BA, LLB, LLM is a graduate of the Law Faculty of the University of Melbourne, the International Center of Keio University in Tokyo, and Georgetown University Law Center.

Experience

Mr. A Thomson lives in Singapore and works as a consultant to Minter Ellison Lawyers working in the Middle East and Asia on investment and government relations matters. He is also chairman of Citadel Resources Group Limited and chairman of Gulf & Asian Mining Pty Ltd.

Until 2005 Mr. A Thomson lived in Washington D.C. where he served at the World Bank as an Assistant and Acting Executive Secretary of the Inspection Panel. In this role Mr A Thomson conducted investigations of developing world projects. He also practiced as an attorney with Willkie Farr & Gallagher.

Mr A Thomson spent the early years of his career in Tokyo working as a fund manager for GT Management (Japan) Ltd and later as an investment banker at Credit Suisse-First Boston (Japan) focusing on Japanese equities and fixed income funds and commodity-based derivatives.

Before moving to Washington D.C. in 2001 Mr A Thomson was a Member of Parliament in Australia, representing a district in Sydney in the House of Representatives. During the 1990s he served as Parliamentary Secretary for Foreign Affairs, Minister for Sport, Tourism, and Minister Assisting the Prime Minister for the Sydney 2000 Games, Chairman of the Australia-Japan Parliamentary Friendship League, and Chairman of the Joint Standing Committee on Treaties (JSCOT).

Mr A Thomson's other languages are Japanese, Mandarin Chinese and Arabic.

Interest in Shares and Options

1,658,220 Fully Paid Shares

2,000,000 Options exercisable at 20 cents expiring 30 November 2009

Special Responsibilities

Mr A Thomson is Chairman of the Audit Committee.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr A Thomson also served as a director of the following listed companies:

Company Name	Appointed
Citadel Resources Group Limited	16/06/2008

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Australia.

OPERATING AND FINANCIAL REVIEW

A review of operations of the Company and its controlled entities during the financial year is contained in the Review of Operations section of this annual report.

	2009	2008
	\$	\$
Operating Results		
Consolidated loss after income tax for the financial year	<u>1,439,032</u>	<u>1,386,565</u>

Financial Position

At 30 June 2009 the Company has cash reserves of \$610,350 and other short term assets readily realisable in cash of \$84,540.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2009, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Eligible	Attended
Edmond William Edwards	10	10
Donald Fergusson Thomson	10	10
Andrew Peter Thomson	9	9

AUDIT COMMITTEE

The audit committee is comprised of the non-executive director Mr Andrew Thomson. During the year ended 30 June 2009 Mr Thomson chaired two meetings of the Audit Committee.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and executive of Athena Resources Limited.

The following persons acted as directors during or since the end of the financial year:

Edmond William Edwards	Executive Chairman
Donald Fergusson Thomson	Executive Director
Andrew Peter Thomson	Non Executive Director

The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

Remunerations policy (audited)

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders interests, the directors are encouraged to hold securities in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with size of the company.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

Performance-based remuneration

The company does not pay any performance-based component of salaries.

Details of remuneration for year ended 30 June 2009 (audited)**Directors' Remuneration**

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities. Details of the agreements are set out below.

Agreements in respect of cash remuneration of Directors:

Mr. Edwards is the Executive Chairman responsible for the day-to-day operations of the Company. The Company has an agreement with Tied Investments Pty Ltd to provide the management services of Mr. Edwards to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months notice. Tied Investments Pty Ltd may terminate by giving three months notice.

Mr. Thomson is the Technical Executive responsible for the technical operations of the Company. The Company has an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Thomson to the Company in relation to its activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd. The Company may terminate the contract by giving three months notice. Indigo Exploration Services Pty Ltd may terminate by giving three months notice.

The Directors' are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees	Total
Year ended 30 June 2009			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
A P Thomson		55,000	55,000
		<u>295,000</u>	<u>295,000</u>
Year ended 30 June 2008			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
A P Thomson		-	-
		<u>240,000</u>	<u>240,000</u>

The consolidated entity does not have any full time executive officers, other than directors as detailed above. There were no performance related payments made during the year.

SHARE OPTIONS

As at the date of this report, there were 37,423,649 options over unissued ordinary shares in the parent entity. These options are listed, and are exercisable at \$0.20 on or before 30 November 2009. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has given an indemnity or entered into an agreement to indemnify as follows:

- The Company has entered into agreements with Edmond Edwards, Donald Thomson and Andrew Thomson to indemnify them against any liability incurred by them as an officer of the Company including costs and expenses of successfully defended legal proceedings.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

No non-audit services were provided by our auditors, HLB Mann Judd during year the ended 30 June 2009.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration set out on page 29, has been received for the year ended 30 June 2009 and forms part of this Directors' Report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors.



E W EDWARDS

Executive Chairman

Dated at Perth this 23rd day of September, 2009.



04

CORPORATE
GOVERNANCE
STATEMENT

The Board of Directors of Athena Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Athena Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Athena Resources Limited's key governance principles and practices.

1 COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	Structure the board to add value		
2.1	A majority of the board should be independent directors.	2(e)	No
2.2	The chair should be an independent director.	2(c), 2(e)	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	No
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose the code or a summary as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	4(a)	Yes
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes

(Continues on next page)

(Cont.)

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 4 Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members. 	3(a)	No
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5 Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6 Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7 Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8 Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

2 THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately;
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;

- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of one Non-Executive Director and two Executive Directors. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Chief Executive Officer is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

The Company does not comply with ASX Recommendations 2.1, 2.2 and 2.3. The Board accepts that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people. However, due to the nature of the company's current activities and the size of the board it does not currently have a separate Chairman and chief executive officer and this role is effectively undertaken by the Executive Chairman, Mr Edwards.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Athena Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant

to the Company or another Company member, or an employee materially associated with the service provided;

- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently includes one independent non-executive Director.

In accordance with the definition of independence above, and the materiality thresholds set, the following Director of Athena Resources Limited is considered to be independent:

Name	Position
Andrew Thomson	Non-Executive Director

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Edmond Edwards	Since 11 April 2005
Donald Thomson	Since 27 April 2006
Andrew Thomson	Since 17 May 2008

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman should be a Non-Executive Director.

2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and

measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Athena Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

3 BOARD COMMITTEES

3(a) Audit Committee

The board has established an Audit Committee. Due to the size of the board the Audit Committee comprises the non executive and independent director Mr A Thomson. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is HLB Mann Judd's policy to rotate engagement Partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Athena Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4 ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

5 TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6 RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

7 OTHER INFORMATION

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at www.athenaresources.com.au



AUDITORS' INDEPENDENCE DECLARATION

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Accountants | Business and Financial Advisers

As lead auditor for the review of the financial report of Athena Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Athena Resources Limited and its controlled entities.

Perth, Western Australia
23 September, 2009

N G NEILL
Partner, HLB Mann Judd

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

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INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated Entity		Parent Entity		
	2009	2008	2009	2008	
	\$	\$	\$	\$	
Revenue	2	9,664	37,936	9,664	37,936
Expenses					
Depreciation	9	(50,964)	(49,182)	(50,964)	(49,182)
Employee and Consultant Costs		(242,341)	(208,867)	(242,341)	(208,867)
Exploration Written Off		(1,033,165)	(1,057,884)	(1,002,572)	(1,057,884)
Impairment Losses on Receivables		-	-	(30,593)	-
Listing and Share Registry Costs		(45,910)	(36,503)	(45,910)	(36,503)
Office and Communication Costs		(8,470)	(23,425)	(8,470)	(23,425)
Other expenses		(67,846)	(48,640)	(67,846)	(48,640)
LOSS BEFORE INCOME TAX EXPENSE		(1,439,032)	(1,386,565)	(1,439,032)	(1,386,565)
Income tax expense		-	-	-	-
NET LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF ATHENA RESOURCES LIMITED		(1,439,032)	(1,386,565)	(1,439,032)	(1,386,565)
Basic loss per share (cents per share)	24	(4.08)	(5.14)		

BALANCE SHEET

AS AT JUNE 2009

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	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	610,350	514,768	610,050	514,468
Trade and other receivables	6	84,540	55,755	84,540	55,755
Other current assets	7	8,000	10,000	8,000	10,000
Total Current Assets		702,890	580,523	702,590	580,223
NON CURRENT ASSETS					
Trade and other receivables	6	-	-	1,407,696	939,615
Financial assets	8	-	-	200,100	200,100
Plant and equipment	9	59,526	110,490	59,526	110,490
Mineral exploration and evaluation	10	1,714,449	2,316,766	106,953	1,177,351
Total Non Current Assets		1,773,975	2,427,256	1,774,275	2,427,556
TOTAL ASSETS		2,476,865	3,007,779	2,476,865	3,007,779
CURRENT LIABILITIES					
Trade and other payables	11	262,189	225,892	262,189	225,892
Interest bearing liabilities	12	12,838	15,990	12,838	15,990
Total Current Liabilities		275,027	241,882	275,027	241,882
NON CURRENT LIABILITIES					
Interest bearing liabilities	12	-	12,838	-	12,838
Total Non Current Liabilities		-	12,838	-	12,838
TOTAL LIABILITIES		275,027	254,720	275,027	254,720
NET ASSETS		2,201,838	2,753,059	2,201,838	2,753,059
EQUITY					
Issued capital	13	5,082,192	4,194,381	5,082,192	4,194,381
Reserves	14	231,000	231,000	231,000	231,000
Accumulated losses	14	(3,111,354)	(1,672,322)	(3,111,354)	(1,672,322)
TOTAL EQUITY		2,201,838	2,753,059	2,201,838	2,753,059

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
Period ended 30 June 2008				
Balance at 1 July 2007	3,333,772	(285,757)	231,000	3,279,015
Shares issued (net)	860,609	-	-	860,609
Net loss	-	(1,386,565)	-	(1,386,565)
Balance at 30 June 2008	<u>4,194,381</u>	<u>(1,672,322)</u>	<u>231,000</u>	<u>2,753,059</u>
Year ended 30 June 2009				
Balance at 1 July 2008	4,194,381	(1,672,322)	231,000	2,753,059
Shares issued (net)	887,811	-	-	887,811
Net loss	-	(1,439,032)	-	(1,439,032)
Balance at 30 June 2009	<u>5,082,192</u>	<u>(3,111,354)</u>	<u>231,000</u>	<u>2,201,838</u>
Parent Entity				
	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
Period ended 30 June 2008				
Balance at 1 July 2007	3,333,772	(285,757)	231,000	3,279,015
Shares issued (net)	860,609	-	-	860,609
Net loss	-	(1,386,565)	-	(1,386,565)
Balance at 30 June 2008	<u>4,194,381</u>	<u>(1,672,322)</u>	<u>231,000</u>	<u>2,753,059</u>
Year ended 30 June 2009				
Balance at 1 July 2008	4,194,381	(1,672,322)	231,000	2,753,059
Shares issued (net)	887,811	-	-	887,811
Net loss	-	(1,439,032)	-	(1,439,032)
Balance at 30 June 2009	<u>5,082,192</u>	<u>(3,111,354)</u>	<u>231,000</u>	<u>2,201,838</u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

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	Note	Consolidated Entity		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payment to suppliers		(216,052)	(323,708)	(216,052)	(323,708)
Interest income received		9,665	37,936	9,665	37,936
Interest and other finance costs paid		(1,664)	(2,951)	(1,664)	(2,951)
Net Cash Outflow From Operating Activities	19	<u>(208,051)</u>	<u>(288,723)</u>	<u>(208,051)</u>	<u>(288,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for exploration expenditure		(570,188)	(1,118,612)	75,923	(579,814)
Payment for investments		-	(14,000)	-	(14,100)
Payment for other fixed assets		-	(14,282)	-	(14,282)
Loans to related parties		-	-	(646,111)	(538,798)
Proceeds on disposal of share investment		2,000	4,000	2,000	4,000
Net Cash Outflow From Investing Activities		<u>(568,188)</u>	<u>(1,142,894)</u>	<u>(568,188)</u>	<u>(1,142,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and options		913,009	687,730	913,009	687,730
Share and option issue transaction costs		(25,198)	(27,121)	(25,198)	(27,121)
Repayment of borrowings		(15,990)	(14,703)	(15,990)	(14,703)
Net Cash Inflow From Financing Activities		<u>871,821</u>	<u>645,906</u>	<u>871,821</u>	<u>645,906</u>
Net increase / (decrease) in cash held		95,582	(785,711)	95,582	(785,811)
Cash and cash equivalents at beginning of the financial year		514,768	1,300,479	514,468	1,300,279
Cash and cash equivalents at the end of this financial year	5	<u>610,350</u>	<u>514,768</u>	<u>610,050</u>	<u>514,468</u>



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are mineral exploration.

Reporting Basis and Conventions

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding as occurred during the year ended 30 June 2009 as disclosed in Note 13, can be derived from either one or a combination of the following:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe that subject to prevailing equity market conditions, the Company will obtain sufficient funding to enable it and the consolidated entities to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should the company be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether or not the entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Adoption of new and revised standards**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2009 the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

AASB 101 'Presentation of Financial Instruments' (revised October 2006)

AASB 7 'Financial Instruments: Disclosures'

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Statement of Compliance

The financial report was authorised for issue on 23 September 2009.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Accounting Policies**(a) Principles of Consolidation**

A controlled entity is any entity controlled by Athena Resources Limited. Control exists where Athena Resources Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Athena Resources Limited to achieve the objectives of Athena Resources Limited. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(e) Impairment of Assets

At each reporting date, the directors reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and service tax (GST).

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the balance sheet are shown inclusive of GST.

(j) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(l) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(m) Key Estimates – Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of costs carried forward as exploration assets. The ultimate recoupment of value is dependent on the successful development and commercial exploration or sale of the respective areas.

Consolidated Entity		Parent Entity	
2009	2008	2009	2008
\$	\$	\$	\$

NOTE 2 – REVENUE

Revenue from non-operating activities

Interest received	9,665	37,936	9,665	37,936
Total revenue	9,665	37,936	9,665	37,936

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

(a) Expenses

Borrowing costs expensed:	1,664	2,951	1,664	2,951
Total borrowing costs expensed	1,664	2,951	1,664	2,951
Depreciation of non-current assets:				
Plant and equipment	23,045	20,848	23,045	20,848
Office furniture and equipment	1,274	1,198	1,274	1,198
Motor vehicles	17,361	17,350	17,361	17,350
Computer software	9,284	9,786	9,284	9,786
Total depreciation of non-current assets	50,964	49,182	50,964	49,182



	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

NOTE 4 - INCOME TAX

No income tax is payable by the company or consolidated entity as each incurred a loss for tax purposes for the year and each has available recoupable income tax losses at balance date. The aggregate of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are calculated as follows:

Loss for the year	(1,439,032)	(1,386,565)	(1,439,032)	(1,386,565)
Income tax calculated at 30%	(431,710)	(415,970)	(431,710)	(415,970)
Tax effect of permanent differences:				
Non-allowable provisions and write-downs	-	-	-	-
Non-allowable expenditure	-	-	-	-
Tax amortisation of capital raising costs	-	-	-	-
Deferred tax asset not recognised	(431,710)	(415,970)	(431,710)	(415,970)
Income Tax Attributable To Operating Loss	-	-	-	-

The directors estimate the deferred tax asset attributable to the company and its controlled entity at 30% are as follows:

Revenue Losses	1,462,859	1,159,727	1,031,372	877,842
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The potential deferred tax asset has not been brought to account in the financial report at 30 June 2009 as the directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

- The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realized
- The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	610,350	514,768	610,050	514,468
	<u>610,350</u>	<u>514,768</u>	<u>610,050</u>	<u>514,468</u>

	Consolidated Entity		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
NOTE 6 - TRADE AND OTHER RECEIVABLES				
Current				
GST Receivable	12,663	25,540	12,663	25,540
Other	71,877	30,215	71,877	30,215
	<u>84,540</u>	<u>55,755</u>	<u>84,540</u>	<u>55,755</u>
Non Current				
Controlled entities	-	-	1,438,289	939,615
Amounts due	-	-	(30,593)	-
Less important losses	-	-	1,407,696	939,615
	<u>-</u>	<u>-</u>	<u>1,407,696</u>	<u>939,615</u>
(i) For future information on receivables from controlled entity, refer to Note 21.				
NOTE 7 - OTHER CURRENT ASSETS				
Investment held for resale	8,000	10,000	8,000	10,000
	<u>8,000</u>	<u>10,000</u>	<u>8,000</u>	<u>10,000</u>
NOTE 8 - FINANCIAL ASSETS				
Shares in unlisted controlled entities – at cost	-	-	200,100	200,100
– Note 17	-	-	200,100	200,100
	<u>-</u>	<u>-</u>	<u>200,100</u>	<u>200,100</u>
NOTE 9 - PLANT AND EQUIPMENT				
Plant and equipment				
Cost	180,157	180,157	180,157	180,157
Provision for depreciation	(120,631)	(69,667)	(120,631)	(69,667)
	<u>59,526</u>	<u>110,490</u>	<u>59,526</u>	<u>110,490</u>
Movement for the year				
Opening balance	110,490	145,390	110,490	145,390
Additions	-	14,282	-	14,282
Depreciation expensed	(50,964)	(49,182)	(50,964)	(49,182)
Closing balance	<u>59,526</u>	<u>110,490</u>	<u>59,526</u>	<u>110,490</u>



	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 10 - MINERAL EXPLORATION AND EVALUATION				
At cost brought forward	2,316,766	2,195,655	1,177,351	1,765,154
Expenditure during the year	430,848	928,995	(67,826)	220,081
Fair value of acquisition	-	250,000	-	250,000
Expenditure written off	(1,033,165)	(1,057,884)	(1,002,572)	(1,057,884)
At cost less impairment	<u>1,714,449</u>	<u>2,316,766</u>	<u>106,953</u>	<u>1,177,351</u>

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploration, or sale of the respective areas.

NOTE 11 – TRADE AND OTHER PAYABLES

Current

Trade creditors and accruals	124,689	200,805	124,689	200,805
Due to directors - remuneration	137,500	25,087	137,500	25,087
	<u>262,189</u>	<u>225,892</u>	<u>262,189</u>	<u>225,892</u>

NOTE 12 - INTEREST BEARING LIABILITIES

Current

Hire purchase liability	<u>12,838</u>	<u>15,990</u>	<u>12,838</u>	<u>15,990</u>
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Non Current

Hire purchase liability	<u>-</u>	<u>12,838</u>	<u>-</u>	<u>12,838</u>
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Terms and conditions

Hire purchase agreements are repayable by monthly instalments, the timing and amount of which are disclosed in Note 15 and at the weighted average interest rate disclosed in Note 24(a).

Financing Agreements

No overdraft facilities have been formalised at 30 June 2009 and neither the company nor any of its controlled entities have lines of credit at 30 June 2009.



Parent Entity

2009	2008
\$	\$

NOTE 13 - ISSUED CAPITAL**(a) Issued capital:**

57,300,974 ordinary shares fully paid
(2008: 29,700,649 ordinary shares fully paid)

5,082,192	4,194,381
-----------	-----------

(b) Movements in ordinary share capital of the Company were as follows:

Date	Details	No. Of Shares	Issue Price Cents	Value \$
	Balance June 30 2007	25,715,000		3,563,100
28/11/07	Vendor Shares (ii)	547,000	36.56	200,000
26/03/08	Rights Issue (i)	3,438,649	20.00	687,730
30/06/08	Closing balance	29,700,649		4,450,830
	Less: Transaction costs arising on share issues			(256,449)
	Balance June 30 2008	29,700,649		4,194,381
18/11/08	Placement (i) (iii)	7,500,000	4.00	300,000
20/01/09	Placement (i) (iii)	1,000,000	4.00	40,000
18/06/09	Rights Issue (i)	17,019,996	3.00	510,600
25/06/09	Placement Rights Issue Shortfall (i)	2,080,329	3.00	62,410
	Less: Transaction costs arising on share issues			(25,199)
	Balance June 30 2009	57,300,974		5,082,192

- (i) Funds raised for working capital purposes
(ii) Shares issued as part of option fee paid under the Ucabs Agreement
(iii) Placement of shares at 4 cents with a free attaching option

(c) Movement in Options:

Date	Details	No. Of Options	Issue Price Cents	Value \$
	Balance June 30 2007	25,485,000		231,000
26/03/08	Rights Issue	3,438,649	0.00	-
	Balance June 30 2008	28,923,649		231,000
18/11/08	Placement (i) (iii)	7,500,000	0.00	-
20/01/09	Placement (i) (iii)	1,000,000	0.00	-
	Balance June 30 2009	37,423,649		231,000

(d) Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 14 - RESERVES AND ACCUMULATED LOSSES				
Share Option Reserve (a)	231,000	231,000	231,000	231,000
Accumulated Losses (b)	(3,111,354)	(1,672,322)	(3,111,354)	(1,672,322)

(a) Share Option Reserve

(i) Nature and purpose of reserve

The Share Option Reserve contains amounts received on the issue of options over unissued capital of the company

(b) Accumulated Losses

Balance at beginning of the year	(1,672,322)	(285,757)	(1,672,322)	(285,757)
Net Loss from ordinary activities	(1,439,032)	(1,386,565)	(1,439,032)	(1,386,565)
Balance at end of the year	(3,111,354)	(1,672,322)	(3,111,354)	(1,672,322)

NOTE 15 - COMMITMENTS FOR EXPENDITURE**(a) Mineral Tenement Leases**

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of \$2,244,650 (2008 \$3,744,435) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows:

Not later than one year	448,930	748,887	157,420	344,636
Later than 1 year but not later than 2 years	448,930	748,887	157,420	344,636
Later than 2 years but not later than 5 years	1,346,790	2,246,661	472,260	1,033,908
	<u>2,244,650</u>	<u>3,744,435</u>	<u>787,100</u>	<u>1,723,180</u>

The Company has a number of avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.

The commitments referred to above represent the Company's share of obligations under joint venture agreements without allowing for dilution.

(b) Hire purchase liabilities

Hire purchase agreements are payable

- Within one year	13,241	17,654	13,241	17,654
- One year or later and no later than five years	-	13,241	-	13,241
	<u>13,241</u>	<u>30,895</u>	<u>13,241</u>	<u>30,895</u>
Less charges yet to mature	(403)	(2,067)	(403)	(2,067)
	<u>12,838</u>	<u>28,828</u>	<u>12,838</u>	<u>28,828</u>

Hire purchase liabilities provided for in the financial statements

- Current (Note 12)	12,838	15,990	12,838	15,990
- Non-current (Note 12)	-	12,838	-	12,838
	<u>12,838</u>	<u>28,828</u>	<u>12,838</u>	<u>28,828</u>

NOTE 16 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2009 or 30 June 2008.

NOTE 17 - INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares		Contribution to consolidated net loss		Book Value of Athena's Investments	
			2009	2008	2009	2008
			\$	\$	\$	\$
Athena Resources Limited - Parent Entity	Ordinary	100%	(1,439,032)	(1,386,565)	-	-
Complex Exploration Pty Ltd	Ordinary	100%	-	-	100	100
Capricorn Resources Pty Ltd	Ordinary	100%	-	-	200,000	200,000
			<u>(1,439,032)</u>	<u>(1,386,565)</u>	<u>200,100</u>	<u>200,100</u>

- (a) The above controlled entities are incorporated in Australia.
- (b) The book value of Athena Resources Limited's investment in the ordinary shares of controlled entities, is at cost which does not exceed the underlying net assets of the entity.

NOTE 18 - SEGMENT INFORMATION

The consolidated entity is involved in the mineral exploration industry solely within Australia.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

NOTE 19 - NOTES TO THE CASH FLOW STATEMENT

Reconciliation of loss after income tax to net operating cash flows

Loss from ordinary activities	(1,439,032)	(1,386,565)	(1,408,439)	(1,386,565)
Depreciation	50,964	49,182	50,964	49,182
Impairment losses - controlled entities	-	-	30,593	-
Write off of Mineral Exploration	1,033,165	1,057,884	1,002,572	1,057,884
Movement in assets and liabilities				
Receivables	7,896	3,790	7,896	3,790
Payables	138,956	(13,014)	138,956	(13,014)
Net cash used in operating activities	<u>(208,051)</u>	<u>(288,723)</u>	<u>(208,051)</u>	<u>(288,723)</u>



NOTE 20 - KEY MANAGEMENT PERSONNEL**(a) Directors**

The names and positions of Directors in office at any time during the financial year are:

Edmond William Edwards	Executive Chairman
Donald Fergusson Thomson	Executive Chairman
Andrew Peter Thomson	Non-Executive Director

(b) Remuneration Policies

Remuneration policies are disclosed in the Remuneration Report which is contained in the Directors' Report.

(c) Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities. Details of the agreement are set out below.

Agreements in respect of cash remuneration of Directors:

Mr. Edwards is the Executive Chairman responsible for the day-to-day operations of the Company. The Company has an agreement with Tied Investments Pty Ltd to provide the management services of Mr. Edwards to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months notice. Tied Investments Pty Ltd may terminate by giving three months notice.

Mr. Donald Thomson is the Technical Executive responsible for the technical operations of the Company. The Company has an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Donald Thomson to the Company in relation to its activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd. The Company may terminate the contract by giving three months notice. Indigo Exploration Services Pty Ltd may terminate by giving three months notice.

The Directors' are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees	Total
Year ended 30 June 2009			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
A P Thomson		55,000	55,000
		<u>295,000</u>	<u>295,000</u>
Year ended 30 June 2008			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
A P Thomson		-	-
S B Sadleir	Mineral Products Holdings Pty Ltd	33,000	33,000
		<u>276,000</u>	<u>276,000</u>

NOTE 20 - KEY MANAGEMENT PERSONNEL (cont.)

(d) Aggregate amounts payable to Directors and their personally related entities.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Accounts payable	137,500	25,087	137,500	25,087
	Balance 1 July 2008	Placement	Purchase on market	Balance 30 June 2009

(e) Shareholding

E W Edwards	4,220,000	-	4,000,000	270,000	8,490,000
D F Thomson	687,500	-	1,190,000	-	1,877,500
A P Thomson	105,480	1,000,000	552,740	-	1,658,220
	<u>5,012,980</u>	<u>1,000,000</u>	<u>5,742,740</u>	<u>270,000</u>	<u>12,025,720</u>

(f) Optionholding

E W Edwards	3,240,000	-	-	-	3,240,000
D F Thomson	687,500	-	-	-	687,500
A P Thomson	1,000,000	1,000,000	-	-	2,000,000
	<u>4,927,500</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>5,927,500</u>

NOTE 21 - RELATED PARTY INFORMATION

	Parent Entity	
	2009	2008
	\$	\$
Transactions within the Consolidated Entity		
Aggregate amount receivable within the consolidated entities at balance date		
Non-current receivables - controlled entities	1,438,289	939,615
Less : provision for non recovery	(30,593)	-
	<u>1,407,696</u>	<u>939,615</u>

All loans to related parties and controlled entities are interest free and repayable on demand.

NOTE 22 - REMUNERATION OF AUDITORS

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amount received, or due and receivable, by the auditors for:				
Auditing and reviewing of the financial statement of Athena Resources Limited and of its controlled entities	17,800	15,300	17,800	15,300
Other Services	-	-	-	-
	<u>17,800</u>	<u>15,300</u>	<u>17,800</u>	<u>15,300</u>

NOTE 23 - LOSS PER SHARE

	Number of Shares	
	2009	2008
	\$	\$
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	35,284,873	26,952,537
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	35,284,873	26,952,537

2009 Nil (2008, Nil) options were included in the determination of diluted earnings per share.

NOTE 24 - FINANCIAL RISK MANAGEMENT**(a) Financial Risk Management Policies**

The group entity's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and hire purchase liabilities.

The board's overall risk management strategy seeks to assist the group in meeting its financial targets, whilst maintaining potential adverse effects on financial performance. The group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the groups's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

(i) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk and liquidity risk.

Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighed average interest rate on these financial assets, is as follows:

	Non Interest Bearing		Weighted Average Effective Interest Rate %		Floating Interest Rate	
	2009	2008	2009	2008	2009	2008
	\$				\$	
Financial Assets						
- Cash at bank	-	-	5.02	6.64	610,350	514,768
- Trade debtors	84,540	55,605			-	-
Total Financial Assets	<u>84,540</u>	<u>55,605</u>			<u>610,350</u>	<u>514,768</u>
Financial Liabilities						
- Payable and accruals	124,689	199,155			-	-
- Amounts payable related parties	137,500	25,087			-	-
- Interest bearing liabilities	-	-	8.22	8.22	12,838	28,828
Total Financial Liabilities	<u>262,189</u>	<u>224,242</u>			<u>12,838</u>	<u>28,828</u>

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

NOTE 24 - FINANCIAL RISK MANAGEMENT (cont.)

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the group since the prior year.

(b) Financial Instruments**Net Fair Values**

For financial assets and liabilities, the net fair value approximates their carrying value. The group entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2009 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	2009	\$	2008
Change in Loss			
- Increase in interest by 2%	3,837		11,600
- Decrease in interest by 2%	(3,837)		(11,600)
Change in equity			
- Increase in interest by 2%	3,837		11,600
- Decrease in interest by 2%	(3,837)		(11,600)

NOTE 25 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to the end of financial year, no significant events have occurred.





11

DIRECTORS'
DECLARATION

The Directors of the company declare that:

1) the financial statement and notes are in accordance with the Corporation Act 2001 and:

- (a) comply with Accounting Standards and the Corporation Regulations 2001; and
- (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on the date of the company and consolidated entity;

2) the Chief Executive Officer and Chief Financial Officer have each declared that:

- (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporation Act 2001;
- (b) the financial statement and notes for the financial year comply with the Account Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view.

3) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

E W Edwards

Executive Chairman

Date at Perth this 23 September 2009



12

INDEPENDENT AUDITOR'S REPORT



Accountants | Business and Financial Advisers

To the members of ATHENA RESOURCES LIMITED

We have audited the accompanying financial report of Athena Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the Athena Resources Limited Group ("the consolidated entity") as set out on pages 30 to 48. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- (a) the financial report of Athena Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1 in the financial report which indicates that the company will require additional sources of funding to enable it to carry out its objectives. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 and 19 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Athena Resources Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

Perth, Western Australia
23 September, 2009




HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner, HLB Mann Judd

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SHAREHOLDER DETAILS

FOR THE YEAR ENDED 30 JUNE 2009

ANALYSIS OF SHAREHOLDING – 8 September 2009

	SHARES	OPTIONS
1 – 1,000	8	7
1,001 – 5,000	47	32
5,001 – 10,000	88	70
10,001 – 100,000	263	221
100,001 – or more	72	56
	<u>478</u>	<u>386</u>
Total on issue	57,300,974	37,423,649
Shareholders holding less than marketable parcel	72	357

Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporation Act 2001.

Edmond William Edwards	8,490,000	15.37%
Denis Hugh Kelly	5,334,399	9.66%
Tom Galopoulos	3,205,000	5.80%

Directors' Shareholding

Interest of each director in the share capital of the Company is detailed at Note 20.

TOP TWENTY SHAREHOLDERS 8 September 2009

NAME AND ADDRESS	SHARES	%	RANK
Tied Nominees Pty Ltd	8,462,500	14.77	1
Kelanco Pty Ltd	6,013,957	10.50	2
Corridor Nominees Pty Ltd	2,821,250	4.92	3
Shane Beatty Sadleir	1,927,833	3.36	4
Peter John Newcomb	1,712,500	2.99	5
Tom Galopoulos	1,500,000	2.62	6
Danola Pty Ltd ATF Tom Galopoulos Super Fund	1,375,000	2.40	7
Mr Peter and Mr Christian Galopoulos	1,350,000	2.36	8
Indigo Exploration Services Pty Ltd	1,312,500	2.29	9
Andrew Peter Thomson	1,312,500	2.29	10
Lightwave Investments Pty Ltd	1,135,000	1.98	11
David Boothey	900,000	1.57	12
Julia Edwards Superannuation Pty Ltd	850,000	1.48	13
Eryk Matusik and Dzanet Matusik Superfund Account	792,260	1.38	14
LS Rocchi Pty Ltd	734,682	1.28	15
Pasco Holdings Pty Ltd	731,321	1.28	16
Terrence and Jonine Williamson Super Fund Account	680,329	1.19	17
Mandevilla Pty Ltd	656,250	1.15	18
Ucabs Pty Ltd	630,692	1.10	19
Tandem Technical Consultants Pty Ltd	618,332	1.08	20
TOP 20 TOTAL	15,478,232	61.98	

TOP TWENTY OPTIONHOLDERS 8 September 2009

NAME AND ADDRESS	OPTIONS	%	RANK
Kelanco Pty Ltd	3,721,507	9.94	1
Tied Nominees Pty Ltd	2,812,500	7.52	2
Andrew Thomson	1,875,000	5.01	3
Corridor Nominees Pty Ltd	1,778,750	4.75	4
Shane Beatty Sadleir	1,579,839	4.22	5
Danola Pty Ltd ATF Tom Galopoulos Super Fund	1,375,000	3.67	6
Peter and Christian Galopoulos	1,350,000	3.61	7
Peter John Newcomb	1,062,500	2.84	8
Tom Galopoulos	1,000,000	2.67	9
Mandevilla Pty Ltd	656,250	1.75	10
Mr Grant Donnes	620,000	1.66	11
Raymond Boothey	600,000	1.60	12
Lightwave Investments Pty Ltd	600,000	1.60	13
Antonios Rompotis	600,000	1.60	14
LS Rocchi Pty Ltd	560,000	1.50	15
Julia Edwards Superannuation Fund Pty Ltd	535,000	1.43	16
Corporate Systems Publishing Pty Ltd	496,075	1.33	17
Steven and Michelle Apeidaile	400,000	1.07	18
Donald Fergusson Thomson	375,000	1.00	19
Mr Peter Galopoulos	360,492	0.96	20
TOP 20 TOTAL	22,357,913	59.74	



14

INTEREST
IN MINING
TENEMENTS**Ravensthorpe**

E39/1311
E39/1327
E74/341
E74/342
E74/350

Ashburton

E08/1641
E08/1679
E08/1680
ELA08/1954
M08/189
P08/493

Byro

ELA09/1410
ELA09/1413
ELA09/1507
ELA09/1508
ELA09/1551
ELA09/1552
ELA09/1574
ELA09/1637
ELA09/1638

E – Exploration License

ELA - Exploration License Application

M – Mining Lease

P – Prospecting License



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